

Southeast Spouse Abuse Program/dba
Southeast Advocates for Family Empowerment

Annual Financial Statements

As of and for the Year Then Ended June 30, 2013

Southeast Spouse Abuse Program
Annual Financial Statements
As of and for the Year Ended June 30, 2013
With Supplemental Information Schedules

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Independent Auditor's Report

To the Board of Directors
of the Southeast Spouse Abuse Program
Hammond, Louisiana

We have audited the accompanying statement of financial position of the Southeast Spouse Abuse Program/dba/Southeast Advocates for Family Empowerment (a nonprofit organization) as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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Southeast Spouse Abuse Program
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Southeast Spouse Abuse Program/dba/Southeast Advocates for Family Empowerment (a nonprofit organization) as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2013, on our consideration of Southeast Spouse Abuse Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southeast Spouse Abuse Program's internal control over financial reporting and compliance.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

December 20, 2013

**Southeast Spouse Abuse Program
Statement of Financial Position
As of June 30, 2013**

	<u>2013</u>
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 282,353
Receivables, Net :	
Governmental Revenues	129,351
Unconditional Promises to Give, United Way	19,984
Prepaid Insurance and Deposits	<u>17,995</u>
Total Current Assets	<u>449,683</u>
Property, Plant, and Equipment	
Land	21,150
Property, Plant and Equipment, Net	<u>108,288</u>
Total Property, Plant, and Equipment	<u>129,438</u>
Total Assets	\$ <u>579,121</u>
Liabilities	
Current Liabilities (Payable From Current Assets):	
Accounts Payable	\$ 5,907
Other Accrued Payables	12,305
Long Term Debt - Current Portion	<u>1,667</u>
Total Current Liabilities (Payable From Current Assets)	<u>19,879</u>
Long Term Liabilities:	
Long Term Debt	<u>78,489</u>
Total Long Term Liabilities	<u>78,489</u>
Total Liabilities	<u>98,368</u>
Net Assets	
Unrestricted	424,262
Temporarily Restricted	56,491
Permanently Restricted	<u>-</u>
Total Net Assets	<u>480,753</u>
Total Liabilities and Net Assets	\$ <u>579,121</u>

The accompanying notes are an integral part of this statement.

Southeast Spouse Abuse Program
Statement of Activities
For the year ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Operating Revenues				
Public Support				
Grants				
Department of Children and Family Services				
Family Violence and Intervention Program	\$ -	\$ 232,897	\$ -	\$ 232,897
Office of Women's Policy				
Louisiana Marriage License Fund	-	24,686	-	24,686
Louisiana Commission on Law Enforcement				
Crime Victim's Assistance	-	55,057	-	55,057
Stop Violence Against Women's Act	-	8,920	-	8,920
City of Hammond				
Emergency Shelter Grant Program	-	14,914	-	14,914
Interest on Lawyers Trust Account	-	10,051	-	10,051
Department of Housing and Urban Development				
Transitional Housing	-	141,175	-	141,175
Extended Housing	-	82,672	-	82,672
Promises to Give				
United Way	-	20,085	-	20,085
Fundraising and Contributions	11,213	-	-	11,213
Investment Income	59	-	-	59
Net Assets released from restrictions	610,637	(610,637)	-	-
Total Operating Revenues	<u>621,909</u>	<u>(20,180)</u>	<u>-</u>	<u>601,729</u>
Operating Expenses				
Program Services	487,316	-	-	487,316
Management and General	136,802	-	-	136,802
Fund Raising	5,440	-	-	5,440
Total Operating Expenses	<u>629,558</u>	<u>-</u>	<u>-</u>	<u>629,558</u>
Change in Net Assets from Operations	<u>(7,649)</u>	<u>(20,180)</u>	<u>-</u>	<u>(27,829)</u>
Nonoperating Revenue				
Other	-	-	-	-
Change in Net Assets	<u>(7,649)</u>	<u>(20,180)</u>	<u>-</u>	<u>(27,829)</u>
Total Net Assets, Beginning	423,391	76,671	-	500,062
Prior Period Adjustments (See Note 10)	8,520	-	-	8,520
Total Net Assets, Beginning After Adjustments	431,911	76,671	-	508,582
Total Net Assets, Ending	<u>\$ 424,262</u>	<u>\$ 56,491</u>	<u>\$ -</u>	<u>\$ 480,753</u>

The accompanying notes are an integral part of this statement.

**Southeast Spouse Abuse Program
Statement of Functional Expenses
For the year ended June 30, 2013**

	<u>Spouse Abuse Services</u>	<u>Temporary Housing Assistance</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Expenses						
Salaries and Wages	\$ 173,189	\$ 50,400	\$ 223,589	\$ 91,862	\$ 3,534	\$ 318,985
Employee Benefits	22,902	6,914	29,816	12,532	864	43,212
Client Expenses						
Apartments	-	132,002	132,002	-	-	132,002
Emergency Needs	23,603	-	23,603	-	-	23,603
Communications	2,668	2,904	5,572	2,276	-	7,848
Depreciation	2,857	3,109	5,966	2,436	-	8,402
Insurance	5,295	5,762	11,057	4,517	-	15,574
Interest	1,779	1,936	3,715	1,517	-	5,232
Professional Fees	5,597	6,091	11,688	4,773	-	16,461
Rent	175	190	365	149	-	514
Repairs and Maintenance	2,724	2,964	5,688	2,323	-	8,011
Supplies	5,951	6,476	12,427	5,075	-	17,502
Travel	5,332	5,802	11,134	4,547	-	15,681
Utilities	2,726	2,967	5,693	2,326	-	8,019
Other	1,852	3,149	5,001	2,469	1,042	8,512
Total Expenses	<u>\$ 256,650</u>	<u>\$ 230,666</u>	<u>\$ 487,316</u>	<u>\$ 136,802</u>	<u>\$ 5,440</u>	<u>\$ 629,558</u>

The accompanying notes are an integral part of this statement.

**Southeast Spouse Abuse Program
Statement of Cash Flows
For the year ended June 30, 2013**

Cash Flows From Operating Activities

Change in Net Assets	\$ (27,829)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	8,402
Changes in operating assets and liabilities	
(Increase) decrease in receivables	40,764
(Increase) decrease in other assets	(10,943)
Increase (decrease) in accounts payable	5,008
Increase (decrease) in accrued payables	(2,009)
Net Cash Provided by (Used by) Operating Activities	<u>13,393</u>

Cash Flows From Investing Activities

Purchases of property	<u>(11,102)</u>
Net Cash (Used) by Investing Activities	<u>(11,102)</u>

Cash Flows From Financing Activities

Repayment of debt	<u>(1,575)</u>
Net Cash (Used) by Financing Activities	<u>(1,575)</u>

Net Cash Increase (Decrease) in Cash and Cash Equivalents	716
Cash and Cash Equivalents, Beginning of Year	281,637
Cash and Cash Equivalents, End of Year	<u><u>\$ 282,353</u></u>

Supplemental disclosures of cash flow information

Cash paid during the year for interest	\$ 5,232
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The accompanying notes are an integral part of this statement.

**Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2013**

Introduction

The Southeast Spouse Abuse Program (the Program) was originally established as the Tri Parish Spouse Abuse Program in 1981. The Program changed its name to the Southeast Spouse Abuse Program form in March of 1982, when Washington Parish was added to the service area. In March of 2012, the Program began doing business as Southeast Advocates for Family Empowerment (SAFE). The Program is a nonprofit corporation for the purpose of providing the following:

- Emotional and psychological support to victims of family violence through the provision of crisis intervention and support counseling, advocacy, and referrals for other forms of necessary assistance.
- Information on the alternatives available to abused spouses, including information on shelter, public benefits, and legal and criminal justice systems.
- Assistance to victims of family violence in establishing lives free from violence through help in searching for employment, housing and child care.
- Education to the people of Tangipahoa, St. Helena, Livingston, and Washington Parishes about the issues, concerns, and problems involved in family violence. This includes the training of law enforcement, health care, social service, and legal personnel who affect the lives of abused spouses.

1. Summary of Significant Accounting Policies

A. Restrictions on Net Assets

Revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Program and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to any donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Program or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Program. Generally, the donors permit the Program to use all or part of the income earned for either general or donor-specified purposes.

B. Comparative Information and Reclassifications

The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Program's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2013**

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the financial statement, and the reported amounts of revenues and expenses. Actual results could differ from management's estimates.

D. Cash and Cash Equivalents

The Program's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents consisted of \$295,828 at June 30, 2013, at three different financial institutions each insured by Federal Deposit Insurance of \$250,000 and was fully covered. Statement of Financial Accounting Standards No.105 identifies deposits maintained at financial institutions in excess of federally insured limits as a concentration of credit risk requiring disclosure, regardless of the degree of risk.

E. Investments

Investments are reported at fair value. Investment income classified as operating revenue consists of interest and dividend income on investments and gains approved for use in operations. All other realized and unrealized gains or losses are classified as non-operating activity and are available to support operations in future years and to offset potential market declines. Investments classified as current are available for operations in the next fiscal year.

Various methods and assumptions were used to estimate the fair value of each class of financial instruments. Cash and cash equivalents are valued at their carrying amount due to their short maturities. Investments are reported at fair value based on quoted market prices. Debt is valued at rates currently available to the Program for issuances with similar terms and remaining maturities.

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

G. Property and Equipment

Purchases of land, buildings, and other property having a unit cost per established guidelines and a useful life of three or more years are capitalized at cost. Donated assets are capitalized at the estimated fair value at date of receipt. Interest expense incurred during a period of construction, less related interest income earned on proceeds of tax-exempt borrowings, is capitalized. Property under capital leases is amortized over the lease term. Any gain or loss on sale of land, buildings and other property is reported as other revenues on the statement of activities.

Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2013

The Program maintains a threshold level of \$2,000 or more for capitalization of property and equipment and depreciates all capitalized assets, other than land over the following estimated useful lives: buildings thirty-nine years and computers, office furniture and equipment five years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

H. Revenue Recognition

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been met. Contributions are considered to be unrestricted unless specifically restricted by the donor.

The Program reports contributions in the temporarily or permanently restricted net asset class if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released and reclassified to unrestricted net assets in the consolidated statement of activities. Donor-restricted contributions are initially reported in the temporarily restricted net asset class, even if it is anticipated such restrictions will be met in the current reporting period.

Product or service revenue is generally recognized upon delivery of the product or services to the customer.

Gains and losses on investments and other assets and liabilities are reported as increases and decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

I. Concentrations of Revenue

The Organization had the following concentration of operating revenue sources for the fiscal year ending June 30, 2013:

Governmental Revenues

Grants

Department of Children and Family Services	\$ 232,897	39%
Office of Women's Policy	24,686	4%
Louisiana Commission on Law Enforcement	63,977	11%
City of Hammond	14,914	2%
Interest on Lawyers Trust Account	10,051	2%
Department of Housing and Urban Development	223,847	37%

Promises to Give

United Way	20,085	3%
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Other Revenues

Fundraising and Contributions	11,213	2%
Investment Income	59	

Total Operating Revenue	\$ <u>601,729</u>	100%
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**Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2013**

J. Contributed Services and Materials

Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance non-financial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation. The Program did not record contributed services revenue for the year ended June 30, 2013.

Donated materials are recorded at their fair value at the date of the gift. The Program does not imply time restrictions for gifts of long-lived assets. As a result, in the absence of donor-imposed restrictions, gifts of long-lived assets are reported as unrestricted revenue.

The program receives donated clothing and supplies in an agency role from various donors with the restriction to disperse these supplies to women on an as needed basis. The Program maintains a listing of these items and assigns an estimated value at the time of donation. However, in accordance with *FASB 116, Accounting for Contributions Received and Contributions Made*, since the Program is only acting in an agency role, the value of the donated items and corresponding donations made out by the Program are not recorded in the financial statements.

K. Income Taxes

The Southeast Spouse Abuse Program is a not-for-profit Program. The Program is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Program has been classified as a Program that is not a private foundation under Section 509(a) (2) of the Internal Revenue Code and qualifies for the fifty percent charitable contribution deduction for individual donors. Under Fin 49 paragraph 21, three years of federal tax returns remain subject to examination.

Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2013

2. Receivables

The Organization anticipates collection of outstanding public support receivables as follows at June 30, 2013:

Governmental Revenues

Grants

Department of Children and Family Services	
Family Violence and Intervention Program	\$ 49,865
Louisiana Marriage License Fund	5,445
Louisiana Commission on Law Enforcement	
Crime Victim's Assistance	38,636
Interest on Lawyers Trust Account	2,513
Department of Housing and Urban Development	
Transitional Housing	31,471
Promises to Give	
Tangipahoa Area United Way	19,984
Others	1,421

Total receivable before allowance for uncollectible amounts	149,335
Less allowance for uncollectible amounts	-
Total receivables, net	\$ 149,335

**Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2013**

3. Property and Equipment

The cost and accumulated depreciation of land, buildings, and other property were as follows at June 30, 2013:

	<u>2013</u>
Land	\$ 21,150
Buildings and improvements	108,851
Furniture and Equipment	94,089
Vehicles	-
Other Depreciable Property	<u>-</u>
Total cost of assets placed in service	224,090
Less accumulated depreciation	(94,652)
Property and equipment, net	<u><u>\$ 129,438</u></u>

Depreciation expense of \$8,402 was recorded for the year ending June 30, 2013. A significant portion of the above fixed assets were acquired with restricted assets. The title to this property and equipment may revert to the State of Louisiana should the Program cease operations.

4. Accrued Vacation and Sick Leave

Vacation days are earned at the rate of eight hours per month that an employee satisfactorily completes work. No more than ten vacation days may be carried over from one calendar year to another. Compensation for days remaining will be paid upon termination of employment at the end of each pay period as if that employee had worked during the period. At June 30, 2013, accrued vacation payable is \$11,483.

Sick leave is earned at the rate of eight hours per month that an employee satisfactorily completes work. No more than fifteen days may be carried over from one calendar year to another. This benefit is not payable upon termination and therefore no accrual is made.

**Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2013**

5. Debt

On October 19, 2005, the Program borrowed \$90,000 from Ponchatoula Homestead Bank, now First Guaranty Bank, at an interest rate of 6.375 percent to purchase an office facility consisting of approximately 4,000 square feet located on 1.41 acres. The cost of the land and building was \$80,000. The Program borrowed an additional \$10,000 to purchase a septic system and other improvements as deemed necessary. The loan is secured by the security interest granted and all deposit accounts and certificates of deposit, now owned or hereafter acquired.

Debt consists of the following at June 30, 2013:

	<u>2013</u>
Note Payable: \$ 90,000	
Dated 12/31/2005, due in monthly installments of principal and interest of \$ 562 through 10/20/2035 interest at 6.375%	\$ 80,156
Total long term debt	<u>80,156</u>
Less current portion	<u>(1,667)</u>
Debt, noncurrent poriton	<u>\$ 78,489</u>

Scheduled maturities for long term obligations at June 30, 2013:

Years ending June 30:	Principal	Interest	Total
2014	\$ 1,679	5,060	\$ 6,739
2015	1,789	4,950	6,739
2016	1,907	4,832	6,739
2017	2,032	4,707	6,739
2018	2,165	4,574	6,739
2019 to 2023	13,154	20,541	33,695
2024 to 2028	18,077	15,618	33,695
2029 to 2033	24,845	8,850	33,695
2034 to 2036	14,508	1,136	15,644
Total	<u>\$ 80,156</u>	<u>\$ 70,268</u>	<u>\$ 150,424</u>

**Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2013**

6. Allocation of Expenses

In some cases, common expenses are incurred which support the work performed under more than one grant or contract. Such expenses are allocated as agreed by the funding Programs or in the absence of an agreement, on the basis which appears most reasonable to the Southeast Spouse Abuse Program.

7. Leases

The Southeast Spouse Abuse Program leases office space from the Y.M.C.A. in Bogalusa, Louisiana on a month to month basis for \$200 per month. For the year ended June 30, 2013, the amount charged to rent expense under this lease was \$514.

8. Retirement System

Employees of the Program are members of the Social Security system. In addition to employee payroll deductions, Program funds are remitted to match the employee contributions. Aggregate contributions to the Social Security system for the year ended June 30, 2013 were approximately \$19,976.

9. Contingent Liabilities

At June 30, 2013, the Program was not involved in any outstanding litigation or claims.

10. Prior Period Adjustment

The following prior period adjustment was recorded to the beginning nets assets at June 30, 2012:

Unrestricted Net Assets Before Prior Period Adjustments at June 30, 2012	\$ 423,391
Revised prior period billings for Department of Children and Family Services (DCFS) revenue received in the current fiscal period.	8,520
Unrestricted Net Assets After Prior Period Adjustments at June 30, 2012	\$ <u>431,911</u>

11. Subsequent Events

These financial statements considered subsequent events through December 20, 2013, the date the financial statements were available to be issued. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending June 30, 2013.

Supplemental Information

**Southeast Spouse Abuse Program
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2013**

Compliance

No compliance findings for the fiscal year ending June 30, 2012.

Internal Control

Reference Number: 2012-I1 Receivables were not reconciled by source

Type of Finding: Significant Deficiency, Not Constituting a Material Weakness

Description of Finding:

For the fiscal year ending June 30, 2012, we noted that receivable balances were grouped together in a manner that made it difficult to ascertain the total amount due from separate funding sources and to tie back to the service periods the receivables related. Receivables were placed in two primary accounts and required reconciliation by the auditor to identify funding source for footnote preparation.

To ensure that the receivable balances are properly stated, we recommended that management of Southeast Advocates for Family Empowerment must reconcile accounts receivable by funding source on a monthly basis.

Corrective Action Taken:

In response to this finding, management maintained a separate general ledger report for each program detailing the revenues and expenses per program. Receivables were still placed in two primary accounts in the general ledger and required reconciliation by the auditor to identify funding source for footnote preparation.

Description of Corrective Action Taken:

Controlling and reporting revenues in separate financial reports is key to sound financial management. However, since there were numerous journal entries required at fiscal year end to properly record and classify receivables, this finding is continued within the *Corrective Action Plan for Current Year Audit Findings*.

Contact Person: Katina Smith, Acting Executive Director, P.O. Box 1946, Hammond, LA 70404 (985 542-8384)

Corrective Action Taken: **Partial.** Continued within the *Corrective Action Plan for Current Year Audit Findings*.

Management Letter

No management findings for the fiscal year ending June 30, 2012.

**Southeast Spouse Abuse Program
Corrective Action Plan for Current Year Audit Findings
For the Year Ended June 30, 2013**

Compliance

No compliance findings for the fiscal year ending June 30, 2013, although aspects of compliance findings are included in internal control Finding 2013-I3.

Internal Control

Reference Number: 2013-I1 Receivables were not reconciled by source. (Continued from Prior Year Finding 2012-I1).

Type of Finding: Significant Deficiency, Not Constituting a Material Weakness

Date First Occurred: Fiscal Year Ending December 31, 2012

Criteria:

Receivables must be grouped per program to ascertain the total amount due from separate funding sources. If receivables are not reconciled on a monthly basis, financial information must be maintained that accurately reports revenues and expenses per month, and provides sufficient financial data to accurately prepare requests for funds in comparison to budgeted amounts and based on actual expenditure levels.

Condition:

For the current fiscal year, we noted that receivables per program were not consistently recorded per program. At fiscal year end, it was necessary to reclassify receivables per program, including a reclassification from funds pending classification, and to record a receivable due at fiscal year-end for one of the HUD housing programs. However, we noted that the client is maintaining records and financial reports of revenues and expenses per program and these reports provide useful information for monitoring revenues to-date, and the level of expenditures for requests for funding.

Recommendations:

Whereas it would be more beneficial to reconcile receivables on a monthly basis, the primary goal should be to ensure that financial information per program is available to submit timely requests for funding. We recommend the following:

- 1) Reconcile receivables on the financial reports per program at least on a fiscal year basis.
- 2) Continue to maintain monthly financial reports, and supporting information, of revenues and expenses per program.
- 3) Have the financial reports per program reviewed and signed off by the Director on a monthly basis, and submitted to the Board of Directors for review on a monthly basis. This is in addition to primarily financial reports, including the balance sheet and income statements, that must be reviewed and presented to the Board of Directors on a monthly basis.
- 4) Continue to submit requests for funding on a timely basis.

**Southeast Spouse Abuse Program
Corrective Action Plan for Current Year Audit Findings
For the Year Ended June 30, 2013**

Effect:

Monthly reporting of revenues and expenses per program and submission of requests for funding on a timely basis, monthly review of financial reports, and periodic review and reconciliation of receivables, will enhance the accuracy of financial reporting.

Response by Management:

The management of the Southeast Spouse Abuse Program will revise procedures to provide a more detailed accounting of receivables per funding source. We will revise our procedures by March 31, 2014.

Contact Person: Katina Smith, Acting Executive Director, P.O. Box 1946, Hammond, LA 70404 (985 542-8384)

Reference Number: 2013-I2 (Segregation of Duties)

Type of Finding: Significant Deficiency, Not Constituting a Material Weakness

Date First Occurred: Fiscal Year Ending June 30, 2013

Criteria:

The Southeast Spouse Abuse Program must demonstrate that activities relating to the receipt and disbursement of funds are properly segregated.

Condition:

With all smaller agencies, there will be limited personnel for recording receipts and disbursements and for reporting financial transactions. The Southeast Spouse Abuse Program has implemented the following compensating controls:

- 1) Direct approval by the Director for all key financial transactions.
- 2) Maintenance of detail registers to support all disbursements.
- 3) Monthly reconciliation and reporting by an outside accountant.
- 4) Dual signature required for all checks over \$500.
- 5) Direct approval by the Board of Directors for any change in pay rate.

Effect:

Having a limited number of personnel increases the need to closely review financial transactions. The Agency compensates for the lack of personnel with outside reporting.

Cause:

This is characteristic of a small agency.

**Southeast Spouse Abuse Program
Corrective Action Plan for Current Year Audit Findings
For the Year Ended June 30, 2013**

Recommendations:

We recommend that the Southeast Spouse Abuse Program continue to implement compensating controls listed above, in addition to the following controls:

- 1) Presentation of monthly financial reports, including detail revenue and expense financial reports per program, to the board of directors.
- 2) Have at least two board members initial their review of monthly financial reports and have an electronically scanned file of those documents available for review during the audit process.
- 3) Present documentation for requests for funds, including supporting documentation, for board member review.
- 4) Continue monthly bank reconciliations by an outside account, or if bank reconciliations are completed internally, have the Director sign off on each bank reconciliation.

Response by Management

We will implement controls to comply with each of the above recommendations.

Description of Action Taken: Partial

Anticipated Completion Date: We anticipate compliance to these recommendations by April 30, 2014.

Contact Person: Katina Smith, Acting Executive Director, P.O. Box 1946, Hammond, LA 70404 (985 542-8384)

Reference Number: 2013-I3 (Quality Assurance Standards Compliance Plan)

Type of Finding: Significant Deficiency Constituting a Material Weakness

Date First Occurred: Fiscal Year Ending December 31, 2013

Criteria:

In April of 2013, the Provider Quality Assurance Report 2013 was issued for the Southeast Spouse Abuse Program. This evaluation identifies the compliance of domestic violence providers with federal and state standards and regulations for domestic violence programs. The evaluation is conducted by the Committee on Quality Assurance (COQA), which consists of members of the Department of Children and Family Services (DCFS), the Louisiana Coalition Against Domestic Violence, and program peers. The evaluation is based on the information provided in the Provider Self Studies and written response questions, the provider documents submitted to the COQA, information collected during the on-site visit, and contract performance and reporting. The score for the rating was determined to be at a level that did not meet standards, and required a response by the Southeast Spouse Abuse Program within fifteen days of the report. A comprehensive response was prepared and submitted by the Southeast Spouse Abuse Program and detailed the agency's response for a wide range of compliance issues. The completion data for most of the compliance issues was by June 30, 2013, although several of the target dates extended to October, 2013 for items not directly related to financial management.

**Southeast Spouse Abuse Program
Corrective Action Plan for Current Year Audit Findings
For the Year Ended June 30, 2013**

Condition:

Southeast Spouse Abuse Program responded to the DCFS Domestic Violence Program Evaluation by issuance of a Quality Assurance Standards Compliance Plan, dated April, 2013. Whereas the evaluation addressed numerous program factors and indicators of performance, *Section 7 – Financial Management* addressed compliance issues related to the development, monitoring, and evaluation of financial documents. Key items within the response were as follows:

- Ineffective oversight by the board. In response, it was indicated that the Committee will hold monthly meetings and evaluate financial policies/procedures to determine compliance with Quality Assurance Standards. Based on these evaluations, financial policies and procedures would be concisely and clearly established. Completion date was stated at May 31, 2013.
- Board does not review financial information, and the financial statements do not clearly identify the financial position of the program. Response was that the Financial Officer will provide the board of directors with monthly financial statements. Completion date was stated at May 31, 2013.
- There is no acceptable segregation of duties. Response was that the job description of the Financial Officer would be revised. Completion date was stated at April 24, 2013.
- Board fails to designate qualified personnel to implement financial policies. In response to this finding, a new Financial Officer was hired, and an Acting Director was promoted within the agency. This was done in April and May, 2013.
- No bonding of staff. Response was to renew current coverage with the Insurance Agency, which was completed April, 2013.
- No fund development program had been established to enhance long-term financial stability. Response indicated that the financial fund/development committee would meet on a bi-monthly basis to set financial goals and develop a financial plan, with financial goals and fund development plan to be adopted by the Board of Directors by June 30, 2013.

Effect:

Enhancement of financial reporting and accountability requires a coordinated approach by management and the board of directors. Financial information presented for each program provided must present an accurate picture of the monthly status of the program, clearing indicating revenues and expenses per program.

Cause:

The Southeast Spouse Abuse Program has experienced significant changes in key positions, but at fiscal year-end had made changes in personnel to comply with applicable compliance standards.

Recommendations:

Because of the nature of these findings, recommendations are also related to Finding 2013-I2 (Segregation of Duties) preceding this finding. Our recommendations are as follows:

- 1) As indicated in Finding 2013-I2 (Segregation of Duties), submit financial reports, including monthly revenue and expense reports per program, to the Board of Directors for monthly review. Finding 2013-I2, also recommends a sign-off procedure by board members for financial reports.
- 2) Review the current insurance to determine if bonding of personnel is provided and consistent with recommendations included within the 2013 Evaluation.

**Southeast Spouse Abuse Program
Corrective Action Plan for Current Year Audit Findings
For the Year Ended June 30, 2013**

- 3) Ensure in all cases that each expenditure is approved by the Director and all expenditures are reviewed by the board of directors. This may be done by secondary approval of expenditures by board members or board member approval of check listings or expenditure reports by the board on a regularly scheduled basis.
- 4) Continue development and modification of the fund development program and have this reviewed by the supervising State agency for acceptability.

Response by Management:

We will implement controls to comply with each of the above recommendations.

Description of Action Taken: Partial

Anticipated Completion Date: We anticipate compliance to these recommendations by April 30, 2014.

Contact Person: Katina Smith, Acting Executive Director, P.O. Box 1946, Hammond, LA 70404 (985 542-8384)

Management Letter

No management findings for the fiscal year ending June 30, 2013.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To Board of Directors
Southeast Spouse Abuse Program
Hammond, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Southeast Spouse Abuse Program/dba/Southeast Advocates for Family Empowerment (a nonprofit Program), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southeast Spouse Abuse Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southeast Spouse Abuse Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain *deficiency in internal control that we consider to be a material weakness and significant deficiency.*

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements

Southeast Spouse Abuse Program
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will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness which is described in the *Corrective Action Plan for Current Year Audit Findings* as finding 2013-I3.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies which are described in the *Corrective Action Plan for Current Year Audit Findings* as findings 2013-I1 and 2013-I2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southeast Spouse Abuse Program's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Southeast Spouse Abuse Program's Response to Findings

Southeast Spouse Abuse Program's response to the findings identified in our audit is described in the accompanying *Corrective Action Plan for Current Year Audit Findings*. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information of management, federal awarding and pass-through entities and the Louisiana Legislative Auditor and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

December 20, 2013